

Reference: RIN 1010-AD12

Detailed Comments offered by the Offshore Operators Committee (OOC)

Subject: 30 CFR Part 250 Subpart K Proposed Rule General Comments

The OOC acknowledges and appreciates the effort put forth by the MMS in conducting a complete rewrite of Subpart K and incorporating numerous of the Notices to Lessees (NTLs) clarifying the current regulation in the proposed rule. The following comments are in response to the wording in the proposed rule as currently drafted:

250.1153 (b) (2) - Proposed language should consider well completions with downhole gages in the well. This not only facilitates the collection of bottom hole pressures at any time but allows for it to be achieved absent wireline runs. This completion technology is particularly common in deepwater completions and helps to reduce the potential risk of losing equipment down hole which is a safety risk associated with any wireline operation. MMS currently recognizes this technology and has approved its use when requested; therefore defining when it is acceptable would be particularly useful to Operators.

250.1160 (a) – Proposed language should be changed to read “You must request and receive approval from the RS to flare or vent oil-well gas, gas-well gas, and gas-well flash gas at your facility, except in the following situations:”

250.1160 (a) (3) (i) – Based on this paragraph neither lease nor pipeline operators need prior MMS approval to blow down gas transportation pipelines downstream of royalty meters. The requirements of this paragraph pertain to the summary report which must be submitted within 72 hours after the incident is over.

250.1160 (a) (4) – OOC recommends that the additional requirements paragraph should include “unloading” or “cleaning of a well” in addition to “testing operations”.

250.1160 (a) (5) – OOC supports defining the amount of routine flaring or venting that is considered uneconomic (an average of 50 MCFPD) without Regional Supervisor approval.

250.1160 (a) (6) – OOC supports creating a regulatory change to address upset conditions not related to equipment failure and establishing a 2 hour time limit to flare gas well gas when upset conditions occur. Additionally the time necessary to unload the well after the upset is remedied should properly be granted under 250.1160 (a) (4) and not be included in the 48 continuous or 144 cumulative hour periods.

250.1160 (a) (7) - Industry agrees with the MMS’ proposed rule to allow a 2 hour time limit of primary gas well flaring/venting and allowing gas well flash gas flaring/venting for 48 continuous hours. Industry suggests that the cumulative flaring/venting allowed for in paragraph (a) (4) also be included in 250.1160 (a) (7) (iv) allowing the

flaring/venting hours accumulated due to initial start-up, restoration or optimization of well production to not impact the hours accrued due to equipment failures. Same comments as 250.1160 (a) (6).

250.1160 (b) – Industry feels that Subpart C is sufficient to regulate pollution issues on the OCS and that further mentioning of Subpart C in Subpart K (which is clearly about hydrocarbon production and conservation) is redundant and confusing. The air emission volumes in Subpart B and the air emission thresholds in Subpart C pertain to equipment emissions from proposed production and development activities during normal operations. Production upsets from equipment failures are not normally anticipated and therefore would not lend themselves to prior approval. OOC interprets this proposed regulation to mean that the MMS is requiring the operator to report vent or flare instances when the vent or flare volume exceeds the vent or flare volumes stated in the DPP. It is our opinion that the short duration of these unexpected events, possibly triggering this requirement on a daily basis does not seem appropriate when thinking about air quality standards. If the intent is to assess environmental impact of these emissions, this would be more appropriately addressed in a rewrite of Subpart B regulations.

250.1160 (c) - Industry willingly volunteers to help the MMS in developing equally acceptable guidelines when the MMS cannot be contacted, such as during non-office hours.

250.1160 (e) and (f) – If MMS grants approval to flare or vent gas, then the volumes should not be considered unavoidably lost unless the information upon which the approval was based is determined to be incorrect. If you flare or vent gas without the required approval, then royalties and depending on the facts, civil penalties, may be appropriate.

In accordance with the above, OOC specifically recommends the following changes be made to the proposed language of the individual sections as follows:

- **250.1160 (e)** - OOC therefore recommends that the wording be changed as follows. “The RS will evaluate your request for gas flaring or venting that exceeds the situations stated in 250.1160(a) and will determine if approval can be granted to your request based on the information you supply to the RS.”
- **250.1160(f)** - OOC therefore recommends that the wording be changed to read as follows. “If you flare or vent gas in excess of the situations stated in 250.1160(a) without the required approval or if the RS determines that your approval was obtained because you submitted inaccurate or misleading information the total amount flared or vented will be considered to be avoidably lost or wasted.”

250.1161 (c) – OOC supports the establishment of a regulatory change to address situations where small gas leaks in valves, pipe fittings, or similar components results in flaring or venting of less than 10 MCFPD, if all safety concerns are reviewed and appropriately addressed.

250.1162 (a) – The language should include all liquid hydrocarbons and not just condensate approvals up to 300 barrels.

250.1163 (a) - The OOC has serious concerns about the regulatory proposal as it relates to the installation of meters to determine flare and vent volumes associated with production operations on the OCS. We propose that the MMS defer this part of Subpart K until such time as a workshop can be held with industry to explore both the concerns industry has and other methods to achieve what we believe is MMS' goal which is to obtain a more accurate accounting of what is being flared and vented offshore. OOC is committed to working in conjunction with API to develop a Technical Bulletin that will address ways to achieve what we believe to be MMS goal not only for platforms that process 2000 BOPD but for all platforms under MMS jurisdiction. The document would address meters among other tools, promoting a consistent and defensible means to account for volumes flared/vented and would provide MMS with a better vehicle to assess compliance of the Industry.

There are many aspects of this part of the proposed rule where OOC believes that Industry will not be able to comply with the requirements as drafted. Our concerns include significant challenges associated with retrofitting of existing facilities to incorporate the new equipment; the inadequate length of time provided to Industry to be in compliance; and the high degree of measurement accuracy desired to be achieved by the meters which is unrealistic in the process streams affected. These and other issues are discussed in the document, titled "Implications of Metering (4).doc. which is attached.

Should MMS maintain the requirement to install meters on the affected process streams, it is strongly recommended that this section of the rule be limited to new facilities beginning construction, and yet to undergo P&ID reviews as of 6 months after the effective date of the final rule. We remain concerned however that pulling only a portion of the metering requirement may conflict with the Administrative Procedures Act (APA) as far as consultation during the rulemaking process. It is therefore recommended that this requirement to meter be deferred in total from the rulemaking process and recommend that MMS engage Industry in dialogue concurrent with the Subpart K rulemaking to develop an alternative means to achieve the desired outcome.

250.1163 (a) (3) – The OGOR B submitted to MRM will not accommodate multiple facility submissions. Also, gas that is flared/vented at a host facility would have to be allocated back to each lease in some manner.

250.1163 (b) (1) – Operators do not currently specify whether the gas is flared or vented on the OGOR B and this requirement will necessitate a modification to current reporting requirements to MRM.

250.1163 (b) (2) – The lease use gas is already reported on the OGOR B.

250.1163 (b) (3) – The requirement to report flaring and venting from multiple facilities separately on a single lease would require programming changes both within the industry and MRM in our opinion. The current OGOR B form is filed by lease and cannot accommodate this proposal. These records are kept at each facility and could be requested as needed from the operator eliminating this burdensome requirement when this is applicable to a small subset of the offshore leases.

250.1163 (c) - Subpart A, 30 CFR 250.140 (c) requires that when you receive oral approval to flare/vent gas, upon completion of the approved vent/flare operation, you must promptly send a letter summarizing pertinent information regarding the location, dates, hours, and volumes of liquid hydrocarbons produced and gas vented/flared. Industry believes that fulfilling this requirement should satisfy the documentation requirements of the approved operation. Requiring the actual Vent/Flare records be kept on location to also document these approvals seems redundant and of little value.

250. 1167 (general) – Industry requests information on why the MMS is requiring additional data under the proposed rule that was not previously required. Industry feels requiring this additional information will be burdensome and redundant to data previously submittal in other documents to MMS, such as plans or the CIDs. In addition to the above general statement, the below comments are specific to certain documents referenced for submittal:

- **250.1167 (a) (3)** - The submission of net sand isopach with total net sand penetrated for each well is currently not required. Currently what is submitted is a structure map.
- **250.1167 (a) (4)** –The submission of net hydrocarbon isopach is an additional requirement.
- **250.1167 (b) (3)** - The submission of amplitude maps is an additional requirement.
- **250.1167 (d) (1)** - The submission of estimated recoverable reserves for each well completion in a reservoir is an additional requirement.
- **250.1167 (e) (2)** - Providing reservoir name and whether it is competitive is an additional requirement.